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HARVARD

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INDUSTRIAL PRODUCTION FIGURES FOR THE 12 MONTHS OF 1983

PRODUCT	Jan.-Dec.'83	% 1983 over 1982
Electricity (bil.kw.hrs)	1416.0	104.0
Petroleum (inc. gas condensate) (mil.tons)	616.0	100.6
Natural gas (bil.cu.mtrs)	536.0	107.0
Coal (mil. tons)	716.0	99.7
Steel (mil. tons)	153.0	104.0
Fertilizer (mil.tons)	29.7	111.0
Metal-cutting tools (mil.rubl)	2194.0	106.0
Computer Technology (bil.rubl)	3.3	111.0
Watches(mils.)	69.1	100.0
Radios(mils.)	9.3	104.0
Television sets (millions)	8.6	103.0
Color tv's (mils)	3.4	109.0
Paper(mil tons)	5.7	104.0
Cement (mil.tons)	128.0	104.0
Meat(mil.tons)	16.0	104.0
Sausages (mil.tons)	3.2	104.0
Margarine (1000 tons)	1.5	104.0
Automobiles (1000's)	1300.0	100.7
Trucks (1000's)	58.4	99.7
Tractors (1000's)	49.3	103.0
Power shovels (1000's)	41.8	98.0
Refrigerators (mils.)	5.7	98.0
Combines (1000's)	118.0	106.0
vegetables	83.0	106.4
& potatoes (mil. tons)	29.0	100.0

YEAR END PRODUCTION FIGURES FOR 1982 --

THE GOOD NEWS

Looking at the year as a whole, Soviet authorities should be pleased by the fact that production seems to have increased as much as it did. As the Soviets measure these things, national income rose by 3.1%. However, that is an index figure which does not measure the same kinds of items that our national income figures measure, and therefore it is sometimes subject to misinterpretation.

More important, the production figures for individual industries do show very significant improvement. For example, electrical production rose by 3% in 1982 but showed a 4% increase in 1983. As a result the plan which had originally been set at 1405 billion kilowatt hours actually was exceeded, and reached 1416. Similarly, gas production which was planned at 529 billion cubic meters reached

□□□□ ARDEN HOUSE □□□□

THE ARDEN HOUSE CONFERENCE PROGRAM IS BEING MAILED AT APPROXIMATELY THE SAME TIME AS THIS NEWSLETTER. YOU SHOULD, THEREFORE, BE RECEIVING A COPY OF THE APPLICATION FORM AND PROGRAM -- IF YOU DO NOT RECEIVE ON WITHIN A WEEK, PLEASE LET US KNOW AND WE'LL MAIL YOU AN EXTRA ONE

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Production Figures

output of the petroleum industry is beginning to drop. Again that means that the January figures will be very important as a measure of what is happening in the Soviet energy industry.

U.S. TRADE FIGURES FOR THE FIRST ELEVEN MONTHS OF 1983

As we mentioned in our last Newsletter we hope to continue publishing the official Department of Commerce statistics on US - Soviet trade. The figures for the first 11 months of 1983 show that the biggest change is in the drop of agricultural exports to the Soviet Union. They were down by a half a billion dollars. Machinery exports were also diminished, but the drop in dollars was not as much, although in percentage terms it was almost a 50% drop. Overall then, the United States exported for the first 11 months of 1983 almost $800 million less than it had in the preceding year.

On the import side, we actually imported more from the Soviet Union than we had before, primarily petroleum products, which amounted to about $56 million, an increase of about $45 million in the preceding year. At the same time, we increased our imports of precious metals, such as palladium. Ammonia imports were down by about $10 million, but this was offset in part by increased imports of urea.

We also have data available about American imports and exports with the other East European countries. We will be happy to publish comparable data if we know that there is an interest. If you would like us to publish the trade data for specific East European countries, please let us know. (see tables on page).

YURI ANDROPOV DIES

Most of this Newsletter was prepared before Yuri Andropov's death. We have enclosed one article evaluating the past year and a quarter of his administration. However, there will be much more extensive discussion of both the results of Andropov's leadership and the future at Arden House. Indeed this should make the Arden House conference even more interesting than last year, when we tried to assess the consequences of Brezhnev's death. The likelihood is that there will be more interest than ever in the Arden House conference, and therefore we urge those interested in attending to send in their applications early so that space will be guaranteed.

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THE SOVIET UNION

Andropov leaves a slim legacy

Regime in paralysis during his brief tenure

By Marshall I. Goldman

The Soviet leadership has never worried particularly about generating and sustaining credibility and support for its leadership, but the effort to hide the status of Yuri Andropov's health in the months leading up to his death Friday will do nothing to increase the Soviet citizen's respect for his regime.

Admittedly, even democracies do not always provide the details of their presidents' or prime ministers' health, but the Soviet deception shows unusual contempt for public opinion.

The fact that nothing was done to replace Andropov suggests that his subordinates found themselves unable to respond to his sickness. The Politburo must have known for some time that Andropov was seriously ill; nonetheless, the members were unable to put forward another leader, even as a temporary spokesman. The Soviet constitution does not provide for vice presidents or for any orderly succession process. Thus the apparent inaction.

Andropov's short tenure as leader has been a serious blow to the Soviet Union. He was not in power long enough to make his mark. That meant that he was unable to deal with structural reorganization of the economy that was so badly needed. He had only begun his experimentation. Thus, on Jan. 1 of this year, new operating procedures were initiated in a few ministries at the national and republic level, but those ministries represented a fraction of the Soviet industrial apparatus and the reforms were limited in scope. Reforms introduced in the mid-1960s were much bolder and more imaginative.

Modest in scope

The regime has also begun some experiments in agriculture and retail trade. Like the industrial reforms, most of these changes have also been modest. In no way do they come to grips with the basic need to provide more and better goods for the Soviet consumer and more innovation and quality for Soviet industry in general.

In all likelihood, Andropov would probably have not been able to make such fundamental reforms even if he had lived longer and had been in full command of his

faculties. Still, his death after only 1½ years in office cannot facilitate any move on the economy.

A new leader is almost certain to have new priorities and a new conception of what should be done. That does not mean that he will necessarily be more successful

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– only that the continuity of effort will have been broken and there will thus be even less likelihood of success in the near future.

Nor was Andropov much more successful on the political front. Here, too, he introduced some superficial improvements, for example, the practice of publishing the minutes of what was purported to be the meetings of the Politburo. No one believed that this was the full record, or that the Politburo had suddenly become an open forum. Nonetheless, this was an important step.

Moreover, not only did "the minutes" become the most interesting reading in the Soviet press, but the reported agenda contained items that should have been discussed even if they were not. Among other items, Soviet leaders focused on improvements in agriculture, increased productivity and innovation in industry and, most important, better consumer services. Obviously, there were also discussions of international relations and improved social order and discipline. Previously, it was always safe to assume that such issues were of concern, but now it seemed that if they were not on the working agenda, someone was sensitive enough to realize that they should have been.

Andropov had also begun to revamp Soviet leadership. Here again his efforts were too timid and too tardy. If anything, it was surprising to see how little change Andropov was able to manage. He was only able to move in a few new members of the Politburo and a few new faces in the regional bureaucracies.

Ironically, it may well be that the Soviet Union would have been better off without these innovations, even though many of the party and even government officials left over from the Leonid Brezhnev years have become inert and in some cases corrupt.

On the surface, it appears that there may be just enough new blood in power to spark a battle for control of the Politburo. The new blood is probably not dominant enough to win out, but it may be strong enough to prevent the old factions from moving ahead.

The selection of Konstantin Chernenko to head the funeral arrangements suggests that Leonid Brezhnev's old party cronies have not been pushed aside, as it had once been thought. Since the selection of the funeral director is usually a tip-off as to who will succeed to the post of secretary general, there's good reason to believe that the party apparatchiks are back in command.

What would make Chernenko's selection as secretary general particularly puzzling is that it would suggest that not only has the Brezhnev faction won out over Andropov's supporters, but also that the Soviet leaders are again willing to risk turning power over to the older generation. While it is likely that Chernenko, who is 72, would last longer than Andropov, it is doubtful he would last a full decade. That means that the Soviet Union would find itself having to undergo yet another leadership transition with yet another set of unfinished reforms.

Moreover, from what we know of Chernenko's record, he has not shown any great initiative or leadership ability. Indeed, one of the reasons Andropov was put ahead of him was that Chernenko represents a return to Brezhnev's style of leadership – cronyism and reluctance to rock the boat.

When Andropov assumed the leadership of the Communist Party, he offered the hope of new vigor, imagination and a return to law and order. Because he became ill so early in his leadership, not only were these dreams incompletely realized, but his inability to prepare for a transition of new leadership means future reforms and progress have also been encumbered.

Marshall Goldman is professor of economics at Wellesley College and associate director of the Russian Research Center at Harvard.

There is one addition to the program. Senator Paul Sarbanes has just indicated that he'll be able to join us as well for the Congressional session on March 24th. This means that we will have the largest Congressional delegation in attendance that we have ever had.

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CURRENCY FIGURES

Rubles Purchased Per 100:	Jan. 1983	Dec. 1983	Jan. 1984
Austrian shilling	4.28	4.09	4.02
U.K. pound	134.00	112.70	112.90
W. German mark	30.08	28.73	28.51
U.S. dollar	71.05	79.25	80.30
French franc	10.61	9.41	9.32
Japanese yen	.306	.337	.342
Italian lira	.052	.048	.047
Swiss franc	35.79	35.86	35.77

Only the U.S. dollar and the Japanese yen have shown improvement over the last year.

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All items in U.S. imports for consumption from U. S. S. R.(Soviet Union), 1980, 1981, 1982, January-November 1982, and January-November 1983

(In thousands of dollars; customs value)

SITC Number	Description	1980	1981	1982	January-November-- 1982	January-November-- 1983
0	Food & live animals	1,754	2,675	5,205	5,050	17,111
1	Beverages & tobacco	5,575	8,423	9,953	8,690	10,959
2	Crude mat'l--inedible,not fuel	15,429	17,820	9,509	8,451	10,527
3	Mineral fuels, lubricants, etc	11,232	106,795	10,356	10,356	55,968
4	Oils & fats--animal & veg prod	1/	19	5	5	1
5	Chemicals	148,038	93,509	117,307	117,056	131,871
6	Man'd goods by chief material	125,780	99,910	60,533	57,484	81,327
7	Machinery & transport equip	3,187	2,366	1,483	1,451	2,871
8	Miscellaneous man'd articles	29,473	2,790	9,037	8,961	3,155
9	Commodities & transactions nec	89,919	22,656	5,212	4,612	2,198
	Total	430,387	356,961	228,602	222,117	315,988
	Total, all items imported from U. S. S. R.(Soviet Uni	430,387	356,961	228,602	222,117	315,988

1/ Less than $500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

The Russian Research Center takes no official stand on any economic or political view matter. The views and analyses expressed herein the Newsletter are those of the authors directly associated with the article in question or unless otherwise stated, with those of the editor, Marshall I. Goldman.

THE RUSSIAN RESEARCH CENTER 1984

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All items in U.S. domestic exports to U. S. S. R.(Soviet Union),
1980, 1981, 1982, January-November 1982, and January-November 1983

(In thousands of dollars; f.a.s. value)

SITC Number	Description	1980	1981	1982	January-November--	
					1982	1983
0	Food & live animals	971,734	1,680,140	1,637,103	1,564,155	1,884,816
1	Beverages & tobacco	2,773	400	2,979	2,979	724
2	Crude mat'l--inedible,not fuel	56,187	59,350	214,249	214,249	202,912
3	Mineral fuels, lubricants, etc	26,464	62,840	90,013	78,184	20,665
4	Oils & fats--animal & veg prod	28,148	56,089	40,565	35,401	17,207
5	Chemicals	31,560	180,220	287,846	245,927	213,870
6	Man'd goods by chief material	34,458	32,867	25,961	22,602	28,352
7	Machinery & transport equip	268,795	300,567	225,209	216,606	134,815
8	Miscellaneous man'd articles	88,880	45,371	59,129	55,333	68,344
9	Commodities & transactions nec	708	722	614	581	2,318
	Total	1,509,728	2,338,567	2,583,668	2,436,017	1,693,224
	Total, all items exported to U. S. S. R.(Soviet Union	1,509,728	2,338,567	2,583,668	2,436,017	1,693,224

Source: Compiled from official statistics of the U.S. Department of Commerce.